

**SETTLEMENT AGREEMENT RESOLVING
CLAIM OF SUMITOMO MITSUI BANKING CORPORATION**

This settlement agreement (the “Settlement Agreement”) is entered into as of May 24, 2012 by and among Lehman Brothers Holdings Inc. (“LBHI” and the “Plan Administrator”), as Plan Administrator under the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors (the “Plan”), on the one hand, and Sumitomo Mitsui Banking Corporation (the “Claimant”), on the other hand (collectively, the “Parties”).

RECITALS:

A. Commencing on September 15, 2008 and periodically thereafter, LBHI and certain of its subsidiaries commenced voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) before the United States Bankruptcy Court for the Southern District of New York (the “Court”), Case No. 08-13555 (JMP). The chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015(b).

B. By order, dated July 2, 2009 [Docket No. 4271] (the “Bar Date Order”), the Court established: (i) September 22, 2009 as the deadline to file proofs of claim (each a “Proof of Claim”) in these cases (the “General Bar Date”); (ii) October 22, 2009 as the deadline for the filing of questionnaires with respect to any Derivative Contract and Guarantee (each as defined in the Bar Date Order) claims (together, the “Derivative and Guarantee Questionnaires”); and (iii) November 2, 2009 as the deadline to file Proofs of Claim with respect to any Lehman Program Securities (as defined in the Bar Date Order).

C. Claimant, as lender, arranger and agent, and Lehman Brothers Holdings Japan Inc. (“LB Japan”), as borrower, entered into a syndicated loan agreement, on or about November 27, 2007, pursuant to which Claimant provided LB Japan with a credit facility in the aggregate principal amount of JPY 19.1 billion (the “Loan Agreement”). On or about November 27, 2007, LBHI issued a guarantee in favor of Claimant guaranteeing sums due and payable by LB Japan under the Loan Agreement (the “Sumitomo Guarantee”).

D. On September 21, 2009, Claimant filed a Proof of Claim, which was assigned claim number 26229 by the court-approved claims and noticing agent (the “Claims Agent”), asserting a claim against LBHI in an amount not less than \$92,087,080.56 based upon the Sumitomo Guarantee. On November 16, 2009, Claimant filed a Proof of Claim, which was assigned claim number 65573 by the Claims Agent, amending claim number 26229 and asserting an unsecured claim in the amount of \$92,087,080.56 against LBHI based upon the Sumitomo Guarantee (such claim, “Claim 65573”). Claim number 26299 was disallowed and expunged pursuant to an order dated July 13, 2010 granting the Debtors’ Tenth Omnibus Objection to Claims (Amended and Superseded Claims) [Docket No. 10165].

E. LBHI has informally challenged the amount of Claim 65573.

F. After good-faith, arms’-length negotiations, the Parties have agreed to resolve Claim 65573 pursuant to the terms and conditions set forth in this Settlement Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing, it is hereby stipulated and agreed that:

1. The Recitals set forth above form an integral part of this Settlement Agreement and are incorporated fully herein.
2. This Settlement Agreement shall become effective once it has been executed by all Parties and approved by final order of the Court (the "Effective Date").
3. Upon the Effective Date, Claim 65573 shall be reduced and allowed as an unsecured guarantee claim against LBHI in the amount of \$90,481,122 (the "Allowed Claim") and included in LBHI Class 5 of the Plan. Claimant authorizes LBHI to provide a copy of this Settlement Agreement to the Claims Agent to update the claims registry accordingly.
4. Other than the right to receive payments or distributions on account of the Allowed Claim, the Claimant and its affiliates, successors and assigns, and its past, present and future members, officers, directors, partners, principals, agents, insurers, servants, employees, representatives, administrators, executors, trustees and attorneys (collectively, the "Claimant Parties"), shall have no further right to payment from LBHI, the affiliates controlled by LBHI, or their respective successors or assigns (collectively, the "Released Parties") on account of Claim 65573 or the Sumitomo Guarantee.
5. Claimant (i) acknowledges that pursuant to sections 8.13 and 8.14 of the Plan,¹ the Plan Administrator may require Claimant to provide certain certifications and undertakings as a prerequisite to receiving Distributions on the Allowed Claim, and (ii) agrees to be liable, jointly and severally with any subsequent holders of the Allowed Claim, to LBHI for the disgorgement of any Distributions received on account of the Allowed Claim (excluding Distributions contributed to the Plan Adjustment on account of the Allowed Claim), or any set-off effectuated with respect to the Allowed Claim, to the extent that such Distributions or any set-off combined with distributions or other consideration, including, without limitation, by way of set-off, provided with respect to any corresponding claim against LB Japan on account of the Loan Agreement in the aggregate exceed the amount of the Allowed Claim.
6. This Settlement Agreement contains the entire agreement between the Parties as to the subject matter hereof and supersedes all prior agreements and undertakings between the Parties relating thereto.
7. This Settlement Agreement may not be modified other than by signed writing executed by the Parties hereto.
8. As of the date hereof, Claimant represents and warrants that it is the legal and beneficial owner of Claim 65573 asserted in the amount of \$92,087,080.56 and has authority

¹ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

to enter into this Settlement Agreement.

9. Each person who executes this Settlement Agreement represents that he or she is duly authorized to do so on behalf of the respective Party hereto and that each such Party has full knowledge and has consented to this Settlement Agreement.

10. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Settlement Agreement to present any copy, copies, or facsimiles signed by the Parties hereto to be charged.

11. This Settlement Agreement shall inure to the benefit of, and shall be binding upon, the Parties hereto and their respective successors and assigns.

12. All rights under Section 1542 of the California Civil Code, or any analogous state or federal law, are hereby expressly WAIVED, if applicable, with respect to any of the claims, injuries, or damages described in the release in Paragraph 4. Section 1542 of the California Civil Code reads as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

13. This Settlement Agreement shall be exclusively governed by and construed and enforced in accordance with the laws of the State of New York, without regard to conflicts of law principles thereof.

14. The Court shall have exclusive jurisdiction over any and all disputes arising out of or otherwise relating to this Settlement Agreement. Should the Court abstain from exercising its jurisdiction or be found not to have jurisdiction over a matter relating to this Settlement Agreement, such matter shall be adjudicated in either a federal district court in the State of New York or a state court in the State of New York.

THE UNDERSIGNED WARRANT THAT THEY HAVE READ THE TERMS OF THIS SETTLEMENT AGREEMENT, HAVE HAD THE ADVICE OF COUNSEL OR THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH READING, UNDERSTANDING AND EXECUTING THE SETTLEMENT AGREEMENT, AND HAVE FULL KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS SETTLEMENT AGREEMENT.

LEHMAN BROTHERS HOLDINGS INC.

By: _____
Print Name: _____
Title: _____

SUMITOMO MITSUI BANKING
CORPORATION

By: 
Print Name: **David A. Buck**
Title: **Executive Director**

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LEHMAN BROTHERS HOLDINGS INC.

By: _____

Print Name: *Daniel E. Ebermann*

Title: *Senior Vice President*

SUMITOMO MITSUI BANKING
CORPORATION

By: _____

Print Name: _____

Title: _____